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SUBJECT: SERIOUS QUESTIONS ABOUT ALBANIA'S FOURTH CELLULAR LICENSE

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SUMMARY

1. (SBU) Parliament on April 23 passed a law awarding Albania's fourth cellular license to the PTK consortium, consisting of Kosovo Post and Telecommunications and a group of Albanian businesses. The law bypassed Albania's tendering procedures and followed a decision by the Telecommunications Regulator (AKEP) to cancel the tender for lack of competition. Before AKEP could announce a new tender, the Minister of Telecommunications suddenly initiated a procedure to award the license to one of the bidders. The Council of Ministers drafted a law which was then rushed through the Parliamentary Commission on Law. A number of business groups have called the GOA's procedures illegal while the opposition has remained generally quiet. End summary.

Tender For The Fourth Mobile License

2. (U) On December 8, 2008 the GOA announced an international tender for a fourth GSM license. The decision was welcomed because cellular rates have remained among the highest in Europe (reftel) despite the entrance of a third mobile operator in March 2008 into a market dominated for almost seven years by a duopoly of AMC and Vodafone.

3. (U) Three consortia expressed interest but only two submitted financial and technical offers by the February 20 opening: Univers PG, bidding five million euro, and the consortium of Post and Telecommunication of Kosovo (PTK) with a group of Albanian investors, bidding 7.2 million euro. The Bid Evaluation Commission of AKEP, however, informed bidders that it would suspend the evaluation process since Univers PG's bid did not meet the tender's requirements. (Note: A Council of Ministers decision requires at least two qualified bidders for all tenders. End note.) When neither bidder appealed the decision, AKEP terminated the tender. At this point, a new tender should have been announced.

GOA Bypasses Its Own Procedures

4. (SBU) To everyone's surprise, the GOA decided to award the fourth license by a direct decision of Parliament, or as PM Berisha prefers to call it, "a collective decision." Minister of Telecommunications Ollidashi sponsored Council of Ministers decision No. 319 on April 1, which proposed to Parliament the draft law "On granting the fourth mobile license to the consortium of PTK and Albanian Investors."

Parliament approved the law on April 23 despite a boycott by the Socialist Party opposition. (NOTE: The SP boycott was unrelated to the mobile license tender. END NOTE). The DP's motives could include a desire to show the electorate they are doing something about high cell phone bills, or that they are trying to buy the support of businessmen in the consortium. SP reaction to the law has been surprisingly quiet. The SP might fear negative voter reaction if they opposed measures that could reduce cell phone rates. However, SP leader Rama threatened to unhook the award if his party wins.

COMMENT

15. (SBU) Corruption remains Albania's largest impediment to foreign investment and is most visible in land registration issues and high-margin monopolies such as telecommunications and petroleum production and import. Mobile licenses provide corrupt politicians and powerful oligarchs opportunities to steal from the population since the government controls the regulator, sets telecom policy, and has now set a precedent for awarding a tender. However, the blatancy of the Council of Ministers in pushing aside the GOA's established procurement laws and regulations, and simply awarding the license to a chosen company, is a new low for Albanian regulation (or lack thereof). In the end, the decision to ignore established regulations might be nothing more than election year politics, but it sends a disturbing signal about Albania's commitment to rooting out high-level corruption.

WITHERS